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No. 90-1477

IN THE

Supreme Court of the United States

OCTOBER TERM, 1990

THE ALLEN GROUP INC., d/b/a THE G&O MANUFACTURING COMPANY,
Petitioner,

v.

MODINE MANUFACTURING COMPANY,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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QUESTION PRESENTED FOR REVIEW

Whether the United States Court of Appeals for the Federal Circuit, both in this case and in the overwhelming majority of other cases in which it has considered the issue of obviousness, has followed the approach this Court set forth for determining obviousness by first considering prior art and then, separately, considering objective or secondary factors such as "commercial success" and "long felt but unsolved needs."

TABLE OF CONTENTS

	Page
QUESTION PRESENTED FOR REVIEW	i
STATEMENT OF THE CASE	1
A. Proceedings Below	1
B. The Patent-in-Suit	3
REASONS WHY THE PETITION SHOULD BE DENIED	6
A. The Question of Obviousness Was Properly Decided by the Jury and Appropriately Reviewed by the District Court and the Federal Circuit	8
B. The Federal Circuit Has Fully Implemented 35 U.S.C. § 103 and the Teachings of this Court in Deciding the Issue of Obviousness in Patent Litigation	10
CONCLUSION	15

TABLE OF AUTHORITIES

Cases Page(s)

Alco Standard Corp. v. Tennessee Valley Authority, 808 F.2d 1490 (Fed. Cir. 1986), *cert. dismissed*, 483 U.S. 1052 (1987) 14

Anderson's-Black Rock, Inc. v. Pavement Salvage Co., 396 U.S. 57 (1969) 7

Dann v. Johnston, 425 U.S. 219 (1976) 8

Dennison Manufacturing Co. v. Panduit Corp., 475 U.S. 809 (1986) 8, 9

Graham v. John Deere Co., 383 U.S. 1 (1966) 6-14

Hybritech, Inc. v. Monoclonal Antibodies, Inc., 802 F.2d 1367 (Fed. Cir. 1986), *cert. denied*, 480 U.S. 947 (1987) 14

In re Sernaker, 702 F.2d 989 (Fed. Cir. 1983) 10-12

Jones v. Hardy, 727 F.2d 1524 (Fed. Cir. 1984) 14, 15

Loctite Corp. v. Ultraseal, Ltd., 781 F.2d 861 (Fed. Cir. 1985) 14

Sakraida v. Ag Pro, Inc., 425 U.S. 273 (1976) 8

Simmons Fastener Corp. v. Illinois Tool Works, Inc., 739 F.2d 1573 (Fed. Cir. 1984), *cert. denied*, 471 U.S. 1065 (1985) 14

Stratoflex, Inc. v. Aeroquip Corp., 713 F.2d 1530 (Fed. Cir. 1983) 10, 12

Uniroyal, Inc. v. Rudkin-Wiley Corp., 837 F.2d 1044 (Fed. Cir.), *cert. denied*, 488 U.S. 825 (1988) 14

United States v. Adams, 383 U.S. 39 (1966) 13

W. L. Gore & Associates, Inc. v. Garlock, Inc., 721 F.2d 1540 (Fed. Circ. 1983), *cert. denied*, 469 U.S. 851 (1984) 10-13

Statutes

35 U.S.C. § 103 ..... 6, 7, 9-12

Fed. R. Civ. P. 52(a) 9

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RESPONDENT'S BRIEF IN OPPOSITION

STATEMENT OF THE CASE

A. Proceedings Below

In September 1985 Modine[1] brought this action against Allen for infringing United States Patent No. 4,529,034 (the "'034 patent"). (App. at A-40 to A-52)[2] Following a six-week liability trial the jury, on April 21, 1990, returned special verdicts rejecting Allen's challenges to the validity of

[1] Modine is not owned by a parent company, nor does it have any non-wholly-owned subsidiaries.

[2] The Appendix to the Petition is referred to as "App.," the Joint Appendix in the Federal Circuit Court is referred to as "Jt. App.," and the trial transcript is referred to as "Tr." and citations to it are identified by volume and page.

the '034 patent and, by clear and convincing evidence, finding it had been willfully infringed by Allen. The jury specifically rejected Allen's defenses of anticipation, obviousness, incorrect inventorship, inequitable conduct, and the on-sale bar. (Tr. 21:4175-79; Jt. App. at 531-35) Two weeks later, after the damage trial, this same jury awarded Modine more than $55 million in compensatory damages. (Tr. 29:5476-77) Ruling on post-trial motions, and specifically on Allen's motion for judgment notwithstanding the verdict, the trial court upheld every one of the jury's liability verdict findings but remitted the damages figure to $14 million. Allen appealed to the Court of Appeals for the Federal Circuit arguing that the district court had erred in confirming the jury's rejection of Allen's obviousness and inequitable conduct defenses. The Federal Circuit affirmed the judgment, noting that even on *de novo* review the jury's findings on obviousness were correct. (App. at A-3) Allen's subsequent motion for rehearing by the Federal Circuit was denied on December 17, 1990.

Allen now solicits this Court's fresh determination that the '034 patent is invalid on the ground of obviousness, notwithstanding the complete rejection of this defense by the jury, by the trial court, and (twice) by the Federal Circuit. The heart of Allen's petition is the same argument it made at trial and on appeal below: the claim that certain written articles, as interpreted by expert witnesses presented by Allen, satisfied its burden of proving the obviousness of the invention disclosed in the '034 patent. Carefully omitted from Allen's brief, however, is the plentiful evidence against its interpretation of the articles and the other evidence of nonobviousness, all of which was carefully considered by the jury and recognized by both the trial judge and the Federal Circuit. Similarly, Allen now argues that the trial court should have determined obviousness and that, at any rate, the trial court improperly instructed the jury on what factors

could be considered in determining whether the invention was obvious. Yet Allen failed to raise any objection to submitting that issue to the jury or to the form of that instruction.

B. The Patent-in-Suit

Modine's Beta-Weld™ heavy duty truck radiator, based on the '034 patent, was the culmination of a ten-year research effort that cost $11 million. (Tr. 2:216, 6:1024, 9:1528; Jt. App. at 2566-95, 2679-843) The Beta-Weld™ revolutionized the heavy duty truck industry by increasing the useful life of a radiator ten-fold over existing radiators, whose fundamental design had not changed in ninety years. (Tr. 1:90-92, 97, 111, 9:1446-49) The Beta-Weld™ radiator could easily last through the 500,000-1,000,000 mile lifetime of a heavy-duty truck; previous radiators typically suffered incapacitating failure after than no more than 100,000-200,000 miles on the road, with failures sometimes occurring after only 10,000-30,000 miles. (Tr. 1:96, 1:136-37, 9:1446-48, 23:4312) Despite initial industry skepticism that a radiator could achieve these results, Modine's Beta-Weld™ enjoyed great commercial success because of its remarkable durability and reliability. (Tr. 1:110-18, 1:123-26, 2:264-65, 274, 275, 9:1449-51, 1462-68, 1473-82; Jt. App. at 1243, 1278-322) This success led Allen to copy the Beta-Weld™ and to market it under the name "Ultra-Fused." (Tr. 1:160-62, 167, 10:1829, 1873, 1884-89, 1891-97; Jt. App. at 1197-98, 1200) Allen itself clearly recognized the revolutionary durability of the Beta-Weld™. In its advertising, Allen claimed its copycat "Ultra-Fused" radiator had a "million mile life expectancy" and "achieve[d] significantly longer radiator life by strengthening the tube-to-header connection, currently the source of the most frequent failure problem in the radiator industry." (Tr. 1:169-70; Jt. App. at 1204-06)

The tube-to-header connections referred to by Allen are the joints in each radiator that provide a sturdy and leakproof seal between each of the 400-600 tubes of the radiator and the two opposed header plates, each of which has corresponding holes and flanges into which the tubes fit. The '034 patent describes an invention in which each tube contains a weld bond on the water side of the joint, with these welds having leakage openings. The welded joints also contain an air-side seal of solder. This combination creates a radiator that is structurally very strong, leakproof, and almost impervious to solder-induced corrosion—called solder bloom—which plugs up the tubes. At the time the inventors, Zalman P. Saperstein and Russell C. Awe, were working on the invention, there were no durable truck radiators with welded joints, only radiators constructed entirely with solder joints. (Tr. 1:90-97, 9:1443)

The jury (like the Patent Office) properly found that there were significant differences between the prior art and the invention of the '034 patent. Among the disclosures made to and considered by the Patent Examiner before the '034 patent was granted were the Patriarca Patent No. 3,078,551 (Jt. App. at 2350-53) and the Martucci Patent No. 3,496,629 (Jt. App. at 2320-22). These patents, which involved heat exchangers used in nuclear reactors, covered the same issue addressed in the 1957 and 1968 Patriarca articles cited by Allen (Pet. at 3), namely the use of brazing as a sealant in the nuclear industry (the 1957 article was specifically cited in the Patriarca patent). Only two of the six claims in the '034 patent encompass brazing; the four other claims specify solder as the sealant, not brazing. More significantly, the Patriarca articles addressed the problems of constructing a nuclear heat exchanger processing radioactive water, not (as with the '034 patent) a radiator for a vehicle. As a result, the nuclear heat exchangers discussed by Patriarca are not like vehicular radiators at all: they are

very heavy with very thick tube sheets; they have no flanges in their header plates; they have no tubes welded or brazed to the flanges, as specified in every claim of the '034 patent; and they require perfect, leak-proof welds, unlike the deliberately leaky welded joints specified in every claim of the '034 patent. Simply put, the Patent Examiner, the jury, the district court, and the Federal Circuit consistently determined that these two articles did not teach or suggest the invention of the '034 patent.

The jury, the trial court, and the Federal Circuit also considered Allen's proffered prior art consisting of aluminum radiator repair. First, as every previous forum has found, none of the three aluminum repair articles cited by Allen disclosed or taught the invention claimed in the '034 patent—"loadbearing joints being subject to formation of leakage openings therein; and a continuous solid sealant coating . . . completely covering the outer surface [air side]"—of the radiator joint. (App. at A-46 to A-47) Second, Modine's patent involves the manufacture of new and leakproof truck radiators, not methods of repairing defective radiators, and repair is fundamentally different from original design and manufacture. (Tr. 2: 244-46, 268, 274-76) Third, the author of one of the articles, William Weltman, testified at trial. Mr. Weltman was not believed by the jury and justifiably so; for example, he testified that in the 1960s radiators were repaired by flooding their joints; yet in a 1970 speech, in which Mr. Weltman "[d]escribed every way we knew of repairing an aluminum heat exchanger," the flooding of joints was not mentioned at all. (Tr. 11:2144, 2153-60)

Despite Allen's blanket assertions to this Court that five pieces of alleged prior art "disclosed" the '034 patent (Pet. at 3-4), the jury and the two lower courts have found otherwise. Furthermore, Allen itself, when it sought to

patent its copycat "Ultra Fused" radiator in 1983 (at a time when it was unaware of the contents of Modine's pending application for the '034 patent) failed to cite, mention, or discuss a single piece of the prior art, which it now claims fully disclosed the invention, even though Allen's patent application had claims virtually identical to those of the '034 patent. Thus, Allen itself did not believe that this prior art taught the invention. In short, Allen is asking this Court, without any opportunity to hear the witnesses, assess their credibility, or weigh the contrary proof, to retry the facts.

REASONS WHY THE PETITION SHOULD BE DENIED

Allen argues that "[i]n this and all cases involving the issue of obviousness, the Federal Circuit is ignoring 35 U.S.C. section 103 and is disobeying this Court's landmark decisions construing that statute . . . ." (Pet. at 6)

This is wrong. In both this case and in the overwhelming majority of other cases in which the Federal Circuit has considered the issue of obviousness (including the cases Allen itself has cited), the Federal Circuit explicitly has addressed (not ignored) 35 U.S.C. § 103 and followed (not disobeyed) the approach this Court set forth for applying that statutory provision.

Section 103 provides, in pertinent part:

> A patent may not be obtained . . . if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.

This Court held in *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966):

> Under section 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill and the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.[3]

Later in the *Graham* opinion, this Court emphasized the particular importance of these objective or secondary considerations in determining obviousness:

> These legal inferences or subtests do focus attention on economic and motivational rather than technical issues and are, therefore, more susceptible of judicial treatment than are the highly technical facts often present in patent litigation . . . . Such inquiries may lend a helping hand to the judiciary which, as Mr. Justice Frankfurter observed, is mostly ill-fitted to discharge the technological duties cast upon it by patent legislation . . . . They may also serve to 'guard against slipping into use of hindsight,' . . . and to resist the temptation to read into the prior art the teachings of the invention in issue.

383 U.S. at 35-36 (citations omitted). In no subsequent case has the Court modified the unified *Graham* approach for applying 35 U.S.C. § 103. *See, e.g., Anderson's-Black Rock, Inc. v. Pavement Salvage Co.*, 396 U.S. 57 (1969);

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[3] Allen, in its attempt to divorce consideration of prior art from consideration of objective evidence, misleadingly separated the first two sentences of this quotation dealing with prior art from the last two sentences dealing with objective evidence. (Pet. at 7) This Court, however, presented these issues together in one paragraph, as part of a unified inquiry.

Dann v. Johnston, 425 U.S. 219 (1976); *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273 (1976).

A. The Question of Obviousness Was Properly Decided by the Jury and Appropriately Reviewed by the District Court and the Federal Circuit

In this case, the Federal Circuit faithfully followed the approach of *Graham*, concluding:

> "[R]easonable jurors could conclude that the differences between the prior art and the claimed invention were significant enough to render the invention nonobvious to one of ordinary skill in the art. *Moreover*, considerable objective evidence of nonobviousness, in the form of long-felt but unmet need and resulting commercial success, was presented in this case.

App. at A-3 (emphasis added). The unambiguous language of the opinion demonstrates that the Federal Circuit (consistent with *Graham*) first determined nonobviousness based on prior art and then, separately, confirmed that determination by considering the objective or secondary evidence of nonobviousness.

This is precisely the analysis set forth by this Court in *Graham*. Allen's real quarrel is not with the mode of analysis applied by the Federal Circuit; Allen simply is unhappy with the Federal Court's conclusion that "the jury's implied findings relating to obviousness were supported by substantial evidence" and that "even on *de novo* review" those findings were not incorrect. *Id.*[4]

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[4] Citing *Dennison Manufacturing Co. v. Panduit Corp.*, 475 U.S. 809 (1986) *(per curiam)*, Allen contends the Federal Circuit was obliged to retry the question of obviousness, by "compar[ing] the indisputable disclosures of the published prior art with the claims of the patent to determine whether the 'invention' would have been obvious to a person of ordinary skill

Allen baldly contends that its evidence at trial conclusively met its burden of proving, by clear and convincing evidence, that the '034 patent is invalid on the ground of obviousness, even though Allen's evidence was hotly contested and countered by substantial contrary evidence. In other words, Allen maintains that the Federal Circuit, the district court in its JNOV opinion, and the jury all committed error by not accepting Allen's inferences and interpretations. Yet Allen fails to mention the legions of evidence—"substantial evidence"—carefully considered by the jury in determining that Allen had failed to prove that the invention was obvious. Particularly misleading is Allen's failure to apprise this Court of evidence which seriously challenged the relevance and probative value of the "five articles" cited by Allen. *See supra* at 4-6.

Ironically, only by completely subverting the analysis required by 35 U.S.C. § 103 and by *Graham* has Allen been able to concoct its argument to this Court. Pursuant to *Graham* and 35 U.S.C. § 103, the district court instructed the jury specifically to make factual inquiries into "the scope and content of prior art, the differences between the prior art and the claims at issue, the level of skill in the art, and the objective evidence." (Tr. 21:4151) The court carefully described the elements of each of these four factors. (Tr. 21:4147-53) On this basis, the jury was then asked to

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in the art." (Pet. at 13-14). In *Dennison*, however, this Court held that the Federal Circuit, when it disagrees with the "District Court's assessment of the prior art," and substitutes its own "view of factual issues for that of the District Court," is obliged to apply Fed. R. Civ. P. 52(a), and explain why the district court's findings on obviousness were clearly erroneous, or else explain why Rule 52(a) does not apply at all. *Id.* at 810-11. Here, of course, the Federal Circuit found no error in the district court's handling of the obviousness issue and affirmed its judgment.

answer the following special verdict: "Do you find that [Allen] has proved by clear and convincing evidence that the subject matter of each claim of the Modine radiator patent, taken as a whole, would have been obvious to a person of ordinary skill in the art as of the time the patented invention was made, and that the claim is therefore invalid?" (Tr. 21:4176) The district court correctly instructed the jury under *Graham*, and the jury conscientiously applied those instructions in reaching its verdict.[5]

Under the guise of "applying" *Graham*, Allen in fact is asking this Court to ignore it.

B. The Federal Circuit Has Fully Implemented 35 U.S.C. § 103 and the Teachings of this Court in Deciding the Issue of Obviousness in Patent Litigation

The body of Federal Circuit decisions involving obviousness with respect to patents, including the cases cited by Allen, fails to support Allen's contention that "[i]n this and all cases involving the issue of obviousness, the Federal Circuit is ignoring 35 U.S.C. section 103 and disobeying this Court's landmark decisions construing that statute . . . ." (Pet. at 6) Specifically, Allen is dead wrong in its discussion of three decisions—*In re Sernaker*,[6] *Stratoflex, Inc. v. Aeroquip Corp.*,[7] and *W. L. Gore & Associates, Inc. v. Garlock*,

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[5] Remarkably, Allen now argues that the trial court erred in its instruction to the jury. But Allen did not raise any objection to the trial court's instruction on this issue. (Tr. 19: 3843-63; Jt. App. at 371-80, 466-67)

[6] 702 F.2d 989 (Fed.Cir. 1983)

[7] 713 F.2d 1530 (Fed. Cir. 1983)

Inc.[8]—whose "erroneous teachings," Allen claims, "have become a virtual litany in the Federal Circuit." (Pet. at 9-10)

In *Sernaker*, the Federal Circuit first undertook an exacting analysis of the prior art.[9] The court concluded that the "claimed invention would not have been obvious to one of ordinary skill in the art . . . at the time of the invention." 702 F.2d at 996. Thereafter, the court held that the "secondary considerations . . . *also* require a finding of nonobviousness if the matter be otherwise doubtful." *Id.* (emphasis added; citation to *Graham* omitted).

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[8] 721 F.2d 1540 (Fed.Cir. 1983), *cert. denied*, 469 U.S. 851 (1984)

[9] The court began its analysis of the Board of Patent Appeals' denial of the patent as follows:

> We may assume, for purposes of this decision, that all the prior art references in this case are sufficiently related to one another and to a related and common art, that the hypothetical person skilled in the art must be presumed to be familiar with all of them. That being so, the next questions are (a) whether a combination of the teachings of all or any of the references would have suggested (expressly or by implication) the possibility of achieving further improvement by combining such teachings along the line of the invention in suit, and (b) whether the claimed invention achieved more than a combination which any or all of the prior art references suggested, expressly or by reasonable implication. These manifestly related tests are indicated as appropriate . . . [in] reviewing . . . decisions of the board [of Patent Appeals] denying patentability under § 103 on obviousness grounds.

702 F.2d at 994.

In *Stratoflex*, the Federal Circuit affirmed the trial court's judgment of invalidity after determining that the "findings undergirding the conclusion of obviousness" were not "clearly erroneous in light of the entire record." 713 F.2d at 1535. The court again undertook a thorough review of evidence concerning the "Scope and Content of the Prior Art," "Differences Between the Claimed Invention and the Prior Art," and the "Level of Ordinary Skill." *Id.* at 1535-38. The court then discussed "Secondary Considerations" (noting that "relevant evidence on the obviousness-nonobviousness issue, as the Court said in *Graham* . . . includes evidence on what has now been called 'secondary considerations' ") and found harmless error in the trial judge's refusal to include her findings on "Secondary Considerations" in her nonobviousness analysis. *Id.* at 1539. *Stratoflex* is completely consistent with *Graham* and, like *Sernaker*, explicitly follows it.

In *Gore*, the Federal Circuit reversed the district court's finding on obviousness because the lower court improperly applied the *Graham* analysis with respect to one patent, 721 F.2d at 1550, and completely ignored the *Graham* criteria with respect to the second patent. *Id.* at 1555.

With respect to the first patent, while "the district court recognized that analysis of the obviousness issue under § 103 requires determination of the scope and content of the prior art, the differences between the prior art and the claims at issue, and the level of ordinary skill in the pertinent art," it erred in its consideration of the evidence. *Id.* at 1550. For example, the court below "lost sight of the principle that there must have been something present in those teachings to suggest to one skilled in the art that the claimed invention . . . would have been obvious." *Id.* at 1551. Before even addressing the secondary evidence, the Federal Circuit found:

> On the entire record and in view of all the references, each in its entirety, it is clear that a person of ordinary skill confronted with a PTFE tape breakage problem would have either slowed the rate of stretching or increased the temperature to decrease the crystallinity. Dr. Gore did neither. He proceeded contrary to the accepted wisdom of the prior art by dramatically increasing the rate and length of stretch *and* retaining crystallinity. That fact is strong evidence of nonobviousness.

Id. at 1552 (*citing United States v. Adams*, 383 U.S. 39 (1966).

With regard to the second patent, the trial court confused "inherency and obviousness" and assumed the patent was obvious without undertaking the *Graham* analysis. The Federal Circuit, after determining that the *Graham* analysis had not been applied, remanded the case in view of the district court's failure to consider the "strong showing of objective evidence of nonobviousness here present." *Id.* at 1555. Unremarkably, the Federal Circuit stated that "objective evidence of nonobviousness, i.e., the indicia of *Graham* . . . may in a given case be entitled to more weight or less, depending on its nature and its relationship to the merits of the invention." *Id.* The Federal Circuit did not mandate that "objective evidence" decide the issue of obviousness; it simply reaffirmed that all of the *Graham* factors should be considered.

Not only do the three cases showcased in Allen's petition fail even remotely to support its claim that the Federal Circuit has "subver[ted]" *Graham*, but the "litany" of cases which Allen then parades demonstrates the contrary.

(Pet. at 10)[10] In case after case (including this one), the Federal Circuit faithfully has followed *Graham*.

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[10]*See, e.g., Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 837 F.2d 1044, 1051 (Fed. Cir.), *cert. denied*, 488 U.S. 825 (1988) (Federal Circuit found that the trial court had "impermissibly used hindsight to reconstruct the claimed invention from prior art with the invention before it . . . rather than viewing the invention from the position of a person of ordinary skill at the time it was made" and "also erroneously analyzed and weighed secondary considerations of nonobviousness"); *Alco Standard Corp. v. Tennessee Valley Authority*, 808 F.2d 1490, 1498-501 (Fed. Cir. 1986), *cert. dismissed*, 483 U.S. 1052 (1987) (Federal Circuit specifically cited and evaluated each of the *Graham* criteria and, "[i]n light of the district court's findings and the evidence in the record, including the strong secondary considerations indicating nonobviousness," upheld "the district court's conclusion that the invention . . . would not have been obvious to one of ordinary skill in the art"); *Hybritech, Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1379-383 (Fed. Cir. 1986), *cert. denied*, 480 U.S. 947 (1987) (Federal Circuit first determined that the prior art did not support a holding of obviousness and then confirmed that determination by considering the objective evidence); *Loctite Corp. v. Ultraseal, Ltd.*, 781 F.2d 861, 875 (Fed. Cir. 1985) (Federal Circuit remanded because "the district court failed to make sufficient *Graham* findings and otherwise improperly assessed obviousness"); *Simmons Fastener Corp. v. Illinois Tool Works, Inc.*, 739 F.2d 1573, 1574-75 (Fed. Cir. 1984), *cert. denied*, 471 U.S. 1065 (1985) (Federal Circuit held that the trial court "erred as a matter of law in refusing to consider evidence of secondary considerations" since the "section 103 test of nonobviousness set forth in *Graham* is a four part inquiry comprising, not only the three familiar elements (scope and content of prior art, differences between the prior art and the claims at issue, and level of ordinary skill in the pertinent art), but also evidence of secondary considerations when such evidence is, of course, present"); *Jones v. Hardy*, 727 F.2d 1524, 1529 (Fed. Cir. 1984) (Federal Circuit

CONCLUSION

For the foregoing reasons, the Petition for Writ of Certiorari should be denied.

Respectfully submitted,

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reversed the district court's determination of obviousness because there were "no specific factual findings on the scope and content of the prior art, differences between the prior art and the claims at issue, level of ordinary skill in the pertinent art, or other indicia useful in determining the obviousness/nonobviousness question").